

Department of Social and Health Services

DP Code/Title: M2-FL Replace TANF MOE Funds

Program Level - 060 Economic Services Admin

Budget Period: 2003-05 Version: F2 060 2003-05 2004 Sup-Agency Req

Recommendation Summary Text:

This decision package proposes to restore a portion of the funding needed to meet the Temporary Assistance for Needy Families (TANF) Maintenance of Effort (MOE) spending requirements. The appropriation for TANF MOE was reduced beginning in State Fiscal Year 1999. Statewide result number 5.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	0	12,000,000	12,000,000
001-D General Fund - Basic Account-TANF (DSHS)	0	(12,000,000)	(12,000,000)
Total Cost	0	0	0

Staffing

Package Description:

At the close of State Fiscal Year 1998 the entire TANF MOE requirement for Federal Fiscal Year 1998 had been achieved. Since the MOE requirement had been met, the department was not required to expend MOE during the first-quarter of State Fiscal Year 1999 (the last quarter of Federal Fiscal Year 1998).

It was determined that the excess state funds could be better used in other aspects of state government. The value of one-quarter of the estimated annual MOE requirement, approximately \$65 million was removed from Economic Services Administration's (ESA) budget in State Fiscal Year 1999. This reduced appropriation was carried forward into future biennia.

Since the MOE requirement does not change significantly from year to year, the removal of the \$65 million did not represent a savings to the department. The requirement to spend this amount of MOE was pushed into the future because the amount of General Fund-State (GF-S) dollars available to meet the MOE requirement in a state fiscal year was now only three-quarters of what was actually needed. Consequently, the removal of funds from the State Fiscal Year 1999 budget meant that the GF-S appropriation for MOE did not meet the TANF MOE requirement for Federal Fiscal Year 1999, making it necessary to spend the \$65 million during the first-quarter of State Fiscal Year 2000 (last quarter of Federal Fiscal Year 1999) to meet the MOE spending requirements for the Federal Fiscal Year 1999. This reduced the amount of state authority available to meet the Federal Fiscal Year 2000 TANF requirement from three-quarters to half of the requirement.

ESA's TANF MOE appropriation is approximately \$242.8 million per year. The annual TANF MOE requirement is approximately \$264 million. It is estimated that ESA will need to spend approximately \$73 million dollars in the first-quarter of State Fiscal Year 2005 to meet the Federal Fiscal Year 2004 MOE requirement. It is also estimated that ESA will need to spend approximately \$94.4 million dollars in the first-quarter of State Fiscal Year 2006 in order to meet the Federal Fiscal Year 2005 MOE requirements. There will not be sufficient eligible expenditures available in the first-quarter of State Fiscal Year 06 to meet the \$94.4 million dollars of MOE expenditures required.

Narrative Justification and Impact Statement

How contributes to strategic plan:

By maintaining funding for the program, the department is able to maintain a safety net for people in need.

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Performance Measure Detail

Program: 060

Goal: 02F Maintain safety net for people in need.

Incremental Changes

FY 1

FY 2

No measures submitted for package

Reason for change:

This change restores that portion of the state funding authority necessary to meet the federal MOE requirement for the WorkFirst program in this biennium.

Impact on clients and services:

While this proposal has no direct impact on clients, it will ensure that federal funding is maintained and that there will be no reduction in services to clients.

Impact on other state programs:

None

Relationship to capital budget:

Not applicable

Required changes to existing RCW, WAC, contract, or plan:

Not applicable

Alternatives explored by agency:

Providing the requested funding assures the department's ability to meet the MOE requirement.

Budget impacts in future biennia:

The increased level of funding will carry forward into future biennia.

Distinction between one-time and ongoing costs:

These costs are ongoing.

Effects of non-funding:

Without the requested funds, ESA will not be able to meet the TANF MOE spending requirement. Under section 409(a)(7)(A) of the Code of Federal Regulations, if a state does not meet the basic MOE requirement, the Department of Health and Human Services will reduce the amount of the State Family Assistance Grant (SFAG) payable for the following fiscal year on a dollar-for-dollar basis. In addition, in the immediately succeeding fiscal year, a state must expend additional state funds to replace any reduction in SFAG resulting from penalties and document compliance with the replacement provision on its TANF Financial Report.

Expenditure Calculations and Assumptions:

See attachment - ESA M2-FL Replace TANF MOE Funds.xls

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Object Detail

FY 1

FY 2

Total

Program Totals

DSHS Source Code Detail

Overall Funding

FY 1

FY 2

Total

Fund 001-1, General Fund - Basic Account-State

Sources Title

GFS2 General Fund State TANF Moe

0

12,000,000

12,000,000

Total for Fund 001-1

0

12,000,000

12,000,000

Fund 001-D, General Fund - Basic Account-TANF (DSHS)

Sources Title

558B Temp Assist for Needy Families (TANF) (100%)

0

(12,000,000)

(12,000,000)

Total for Fund 001-D

0

(12,000,000)

(12,000,000)

Total Overall Funding

0

0

0